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STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF MORTGAGE LENDING
BEFORE THE COMMISSIONER OF THE DIVISION OF MORTGAGE LENDING

IN RE:)	
)	
INTEGRATED FINANCIAL ASSOCIATES,)	
INC., a Nevada Corporation)	
)	
)	
Respondent.)	
)	

SETTLEMENT AGREEMENT

This Settlement Agreement is made between the State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the "Division"), and Integrated Financial Associates, Inc. ("IFA"). This Settlement Agreement is based upon the following recitals.

RECITALS

1. The licensing and regulation of mortgage brokers and mortgage agents in the State of Nevada is governed by Chapter 645B of the Nevada Revised Statutes, NRS 645B.010 et seq., and Chapter 645B of the Nevada Administrative Code, NAC 645B.001 et seq., as amended by Adopted Permanent Regulations of the Commissioner of Mortgage Lending.
2. On March 14, 2011, IFA filed Chapter 11 Bankruptcy, which is now pending in the United State Bankruptcy Court for the District of Nevada, Las Vegas, Case No. BK-S-11-13537-LBR (the "IFA Bankruptcy Case"). The purpose of the case is for IFA to reorganize its business as a debtor-in-possession.
3. IFA filed its application for renewal of its mortgage broker license, License No. 216, with the Division pursuant to NRS §645B, on June 30, 2011; however due to the IFA Bankruptcy case, it was unable to obtain audited financial statements at that time.
4. On or about August 31, 2011, the Division received IFA's CPA Prepared Financial Statement for the period ended December 31, 2010, which indicates a negative equity of (\$4,995,420).

1 5. On September 28, 2011, the Division issued its Order denying Mortgage Broker License, a
2 copy of which is attached hereto as Exhibit "A" and incorporated by reference herein (the "Denial Order").
3 Pursuant to the Denial Order, IFA was denied license renewal because it was alleged it violated NRS
4 §645B.670(a) by being insolvent, violated NRS §645B.115(i) by failing to maintain a minimum net worth,
5 and violated NRS §645B.690(1)(a) by engaging in or carrying on the business of a mortgage broker
6 without a license.

7 6. IFA filed an appeal based on its long history of compliance with the Division, no
8 complaints resulting in disciplinary action, and a long standing history of checks and balances on their
9 financial information.

10 7. September 30, 2010, IFA's most recent examination received a rating of 2. A rating of 2
11 indicates that the mortgage broker and the management of the mortgage broker demonstrated substantial
12 compliance with applicable laws and regulations and that any deficiencies noted in the report made by the
13 examiner can be corrected by the mortgage broker with a minimum of regulatory supervision. A rating of
14 2 may be given if there is more than one minor violation or deficiency, but only if the mortgage broker
15 acted to correct the violations or deficiencies immediately and the actions taken by the mortgage broker are
16 likely to prevent future violations or deficiencies.

17 8. Between 2006 and 2010, IFA has had audits performed on its trust accounts by an
18 independent CPA firm on a monthly basis and no discrepancies were ever noted.

19 9. In 2011, IFA had another independent CPA firm perform a detailed investigation of IFA's
20 trust accounts on behalf of the Unsecured Creditors Committee in IFA's bankruptcy case which also
21 resulted in no discrepancies.

22 10. IFA has received one complaint with the Division, which was promptly answered, and the
23 Division determined that it did not warrant further investigation or disciplinary action.

24 11. IFA has not brokered the origination of any loans since October 2010.

25 12. IFA is currently servicing 37 loans, all of which were originated by IFA, and have a total
26 approximate principal balance of \$163,111,000. Two of these loans are in foreclosure, one is subject to a
27 bankruptcy stay, and the remainder are in some phase of workout or forbearance.

1 13. IFA also manages 23 limited liability companies, which were formed in order to facilitate
2 foreclosure upon certain properties formerly held as collateral for loans totaling approximately
3 \$100,000,000.00.

4 14. In operation as debtor-in-possession, IFA continues to service only the existing loans in its
5 portfolio (the "Existing Loans"), and to manage the various LLC's that have been formed for the purpose
6 of holding title to the properties on behalf of the individual beneficiaries in the loans that have been
7 foreclosed. IFA's duties primarily involve settlement with borrowers and guarantors, foreclosure upon real
8 properties held as collateral, supervision of the marketing and sale of such real properties, and
9 disbursement of the proceeds of such sales to the loan investors, to IFA for its servicing fees, and to
10 creditors of IFA under the direction and supervision of the Bankruptcy Court. A conditional license is
11 necessary in order to receive and disburse these funds.

12 15. The purpose of filing the IFA Bankruptcy Case was to provide an orderly method for the
13 collection of loans; the management, marketing and sales of the various real properties held as collateral;
14 and a fair and equitable method for distribution of proceeds. Without the IFA Bankruptcy Case, IFA's
15 assets could be subject to execution by the first creditor to obtain a judgment, which would prevent a non-
16 discriminatory and fair distribution among creditors.

17 16. IFA continues to pursue collection of the existing loans, and the sale of the real properties
18 it manages during its Chapter 11 bankruptcy, and has experienced some success in its collection activities.
19 These activities will continue during the Chapter 11 case. IFA intends to expedite confirmation of the plan
20 of reorganization, and is hopeful this can be accomplished by December 31, 2012. Because some aspects
21 of the Chapter 11 case are beyond IFA's control, IFA cannot accurately predict the date for completion of
22 its bankruptcy.

23 17. It is IFA's intention to resolve the net worth requirement for maintenance of a broker's
24 license throughout its plan of reorganization by reducing its debt to available assets (therefore avoiding
25 negative net worth), and obtaining additional cash from the sale of properties or outside sources to satisfy
26 the financial requirements. However, the conditional license sought herein is only for a period until plan
27 confirmation at which time it may seek continuance of its license based upon normal standards generally
28 applied by the Division.

18. The continued services of IFA are beneficial to its investors, its creditors, and the general public for several reasons. First, IFA has the most familiarity with the subject loans, as well as a detailed knowledge of the properties held as collateral, and is therefore best suited to efficiently collect on the various loans and maximize return to investors and well as creditors. Second, IFA's fees are reasonable, and switching to a new servicer would be more expensive, time consuming, and would likely reduce and delay recoveries, as well as potentially deprive IFA of earned servicing fees. Lastly, the public interest is protected not only by the terms and conditions of this Settlement, but the overall safeguards required by the bankruptcy court and the Bankruptcy Code, which require regular income and expense reports, regulation of expenses, and the court approval of all sales involving properties managed by IFA.

19. IFA has submitted a reorganization plan for confirmation to the bankruptcy court which includes IFA as the servicer of its loan portfolio which IFA believes will be supported by a majority of its 650 active investors as well as its creditors.

20. IFA expects to confirm its plan of reorganization, thus ending the bankruptcy, by the end of the year, December 31, 2012.

21. The Division has determined that it appears at this time to be in the best interest of the creditors and investors of IFA, as well as the general public, to grant the renewal of IFA's mortgage broker license subject to the conditions and limitations set forth herein.

Based upon the foregoing, the Division and IFA have now reached an agreement to allow a temporary conditional license which limits the risk to the public, limits further risk to the creditors and investors, and allows IFA to continue to operate as a Chapter 11 debtor-in-possession.

SETTLEMENT

1. IFA stipulates and agrees that it is now, and was at all relevant times subject to the jurisdiction of the Division, the Commissioner and the provisions of NRS 645B and NAC 645B.

2. IFA stipulates that all required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.

3. IFA will continue to service existing loans and manage the LLC's, and will not originate any new loans. This also includes the origination of any default expense account loans. A default expense

1 account loan is created by collateralizing property with a loan to provide the LLCs with the funds they
2 require as the property owner and creating additional expenses in the form of interest payments or points
3 for the investors.

4 4. The Division has the right, at the expense of IFA, to commence an immediate examination.
5 IFA must obtain approval from the bankruptcy court to pay its examination fees.

6 5. The Division has the right, at the expense of IFA, to commence any future examination(s)
7 as the Division may deem necessary. IFA must obtain approval from the bankruptcy court to pay its
8 examination fees.

9 6. IFA must submit monthly trust account reconciliations including recapping delinquent
10 reconciliations for each month by the 15th day of the following month, commencing on July 1, 2012.

11 7. IFA must submit monthly activity reports including recapping delinquent accounts and all
12 servicing activity by the 15th day of the following month commencing on July 15, 2012.

13 8. IFA must maintain its surety bond with the Commissioner and keep in full force and effect
14 the bond in the amount of \$50,000 payable to the State of Nevada, Division of Mortgage Lending.

15 9. IFA must submit audited financials for the 2011 fiscal year within 90 days of the signing of
16 this agreement.

17 10. IFA must submit to the Division a completed Application for Renewal of Commercial
18 Mortgage Broker, or Commercial Mortgage Banker License and all items identified on the Checklist with
19 the signing of this agreement.

20 11. IFA must submit to the Division their required AG/CPA assessment for the fiscal year
21 2012 in the amount of \$687.87 by May 31, 2012. IFA must obtain approval from the bankruptcy court to
22 pay its AG/CPA assessment.

23 12. IFA must appoint a Qualified Employee and submit a request to license this person within
24 30 days of the signing of this agreement.

25 13. On December 31, 2012 the conditional license shall terminate and IFA is expected to make
26 application to obtain full licensure within the 2 month reinstatement period to reinstate pursuant to NRS
27 645B.050 at which time the compliance of IFA will be reexamined by the Division for full licensure.

1 14. In the event of any major violations of the law or this Settlement, determined through the
2 findings of an examination and/or investigation by the Division, which remain uncured as stated below,
3 IFA stipulates to a voluntary revocation and to cooperate in all respects in the transfer of all necessary files
4 and records.

5 15. Major violations shall be defined as a material breach of any term within this Settlement,
6 finding of a misappropriation of funds, inability to reconcile trust accounts, and failure to maintain
7 adequate books and records.

8 16. Further, in consideration of the terms and conditions set forth herein, IFA voluntarily
9 waives and gives up any and all rights it may now or hereafter have to seek administrative or judicial
10 review concerning the license denial issued September 28, 2011, or any license revocation under this
11 Settlement.

12 17. IFA will be given 15 days, following notice, to cure any breaches of this Settlement or
13 violations found by the Division pursuant to this Settlement.

14 18. IFA agrees that in the event it materially breaches any of the provisions of this Settlement
15 and fails to cure such breach within the 15 day cure period, this conditional license shall be voluntarily
16 revoked and IFA shall cooperate with all steps necessary to effectuate the revocation of the license.

17 19. IFA agrees that in the event it violates any of the provisions of this Settlement, the
18 Commissioner shall retain any and all remedies available in accordance with NRS Chapter 645B et seq.,
19 which shall be cumulative to the remedies set forth herein.

20 20. The parties represent and warrant that the persons executing this Settlement of behalf of
21 each party have full power and authority to do so, and have the legal capacity to conduct legal obligations
22 assigned to it hereunder.

23 21. The Commissioner specifically retains jurisdiction over the matter contained herein and has
24 the authority to issue such further order(s) as he shall deem just, necessary and appropriate to enforce the
25 provisions of NRS 640B.010 et seq., and protect the public.

26 22. The parties have the right to retain an attorney to review this Agreement at their sole cost
27 and expense. Each party shall pay its own costs and fees, including attorney's fees.

1 23. This Settlement will automatically terminate and an application for full licensure must be
2 submitted upon the confirmation of a plan of reorganization, conversion to Chapter 7, dismissal of IFA's
3 bankruptcy case, or December 31, 2012, whichever date comes first.

4 24. Once executed, this Settlement will be filed with the Commissioner. The Division will
5 recommend to the Commissioner approval of the Stipulation. IFA agrees that the Commissioner may
6 approve, reject or suggest amendments to this Stipulation that must be accepted or rejected by IFA before
7 any amendment is effective.

8 25. If the Commissioner rejects this Settlement or suggests amendments unacceptable to IFA,
9 IFA may withdraw from this Stipulation and the Division may pursue its complaint before the
10 Commissioner.

11 26. This Settlement constitutes the entire agreement of the parties, and it is intended as a
12 complete and exclusive statement of promises, representations, negotiations and discussion of the parties.
13 Unless otherwise expressly authorized by its terms, this Settlement shall be binding upon the parties unless
14 an amendment to the same is in writing, signed by the respective parties hereto, and approved by the
15 Office of the Attorney General and Commissioner of the Mortgage Lending Division.

16 27. IFA, its heirs, executors, administrators, successors, and assigns, hereby releases, remises
17 and forever discharges the State of Nevada, the Department of Business and Industry, the Division and
18 each of their members, agents, attorneys (including any and all employees of the Nevada Office of the
19 Attorney General), and employees in their individual and representative capacities, from any and all
20 manner of actions, causes of action, suits, debts, judgments, executions, claims, and demands whatsoever,
21 known or unknown, in law or equity, that IFA ever had, now has, may have, or claim to have against any
22 or all of the persons or entities named in this section, arising out of or by reason of the Division's
23 examination of IFA, and all other matters relating thereto.

24 28. IFA hereby indemnifies and holds harmless the State of Nevada, Department of Business
25 and Industry, the Division and each of their members, agents, and employees, and employees of the
26 Nevada Office of the Attorney General in their individual and representative capacities against any and all
27 claims, suits or actions brought against said person and/or entities by reason of the Division's examination
28 of IFA, this Agreement, and all other matter relating thereto, and against any and all expenses, damages,

1 and cost including court costs and attorney fees, which may be sustained by the persons and/or entities
2 named in this section as a result of said claims, suits and actions.

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5 IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and intend
6 to be legally bound thereby.

7
8
9 Integrated Financial Associates, Inc.

State of Nevada, Department of Business
and Industry, Division of Mortgage Lending

10
11 By: William Eyer, President

11 By: Nancy Corbin
12 Nancy Corbin, Deputy Commissioner

13 Dated this 10th day of July, 2012.

13 Dated this 20th day of July, 2012.

14
15 Approved as to form:

16
17 CATHERINE CORTEZ MASTO
18 Attorney General

19 By: Kali Fox Miller
20 Kali Fox Miller, Deputy Attorney General

21 Dated this 17 day of July, 2012.

22
23 **ORDER**

24 IT IS SO ORDERED this 23rd day of July, 2012.

25
26 By: James Westrin
27 James Westrin, Commissioner

EXHIBIT “A”

In re:
Integrated Financial Associates, Inc.
RESPONDENT.

The State of Nevada, Department of Business and Industry, Division of Mortgage Lending (the "Division") has the general duty to exercise supervision and control over mortgage brokers, mortgage bankers and mortgage agents pursuant to Chapters 645B and 645E of the Nevada Revised Statutes ("NRS"), Chapters 645B and 645E of the Nevada Administrative Code ("NAC"), and by permanent regulations promulgated pursuant thereto (the "Regulations").

JURISDICTION AND NOTICE

2. RESPONDENT was initially registered with the Financial Institutions Division on February 25, 1997 and were subsequently licensed by the Division as a mortgage broker

1 (License No. 216) on July 1, 2004.

2 3. The Division currently classifies RESPONDENTS license as "Closed." Previous
3 to this the status was "Failed to Renew" as of June 30, 2011.

4 4. RESPONDENT was and is subject to the provisions of Chapters 645B and the
5 jurisdiction of the Division and the Commissioner of the Division pursuant to the provisions of
6 NRS 645B.060.

7 **FINDINGS OF FACT**

8 5. On or about September 1, 2011, the Division received RESPONDENT's CPA
9 Prepared Financial Statement for the period ended December 31, 2010, which indicates a
10 negative equity of (\$4,995,420).
11

12 6. As of September 16, 2011, RESPONDENTS were still operating as a mortgage
13 broker without a license.

14 **VIOLATIONS OF LAW**

15 7. RESPONDENT violated NRS 645B.670(2)(a) by being insolvent.

16 8. RESPONDENT violated NRS 645B.690(1)(a) by engaging in, carrying, or
17 holding themselves out as engaging in or carrying on the business of a mortgage broker while
18 they were required to have a license pursuant to Chapter 645B and they did not.
19

20 9. RESPONDENT violated NRS 645B.115(1) by failing to maintain a minimum net
21 worth.

22 **DISCIPLINE AUTHORIZED**

23 10. Pursuant to NRS 645B.020(3)(b)(1), the Commissioner shall issue a license to
24 an applicant as a mortgage broker if the applicant is verified by the Commissioner and
25 complies with the requirements of this chapter.
26

27 11. Pursuant to NRS 645B.020(3)(b)(5) The Commissioner shall issue a license to
28 an applicant if they have not violated any provision of Chapter 645B.

1
2 **ORDER**

3 Should RESPONDENT not request a hearing within twenty (20) days of the date of this
4 Denial; the Division will enter a Final Order in this matter against RESPONDENT, as follows:

5 12. **IT IS HEREBY ORDERED** that, RESPONDENT's application for renewal of
6 their mortgage broker licenses (License No. 216) is denied.

7 13. **IT IS HEREBY ORDERED** that, **RESPONDENT IMMEDIATELY CEASE AND**
8 **DESIST** from providing any of the services of a mortgage broker or otherwise engaging in,
9 carrying on or holding himself out as engaging in or carrying on the business of a mortgage
10 broker or mortgage agent. If RESPONDENT requests a hearing within the prescribed time,
11 RESPONDENT is *ineligible* to continue working as a broker pursuant to NRS 233B.127(2)
12 pending the disposition at the hearing. If the hearing officer issues a ruling upholding the
13 order, a final order denying the licensure will be issued.
14

15 **RIGHT TO HEARING**

16 Pursuant to NRS 233B.121 and Chapters 645B, upon the timely filing of an application
17 with the Division, sent by the U.S. Postal Service or private carrier or delivery service to the
18 Commissioner of the Division of Mortgage Lending at 7220 Bermuda Road, Suite, A, Las
19 Vegas, Nevada 89119, within twenty (20) days of the date of the Order, RESPONDENT shall
20 be entitled to a hearing with regard to the contents of this order, as follows:
21

22 14. **RESPONDENT** would have the right to be represented by legal counsel at their
23 own cost and expense.

24 15. **RESPONDENT** would have the right to respond and to present evidence and
25 argument on all issues involved.

26 16. **RESPONDENT** would have the right to examine witnesses on any matter
27 relevant to the issues involved.
28

1 17. RESPONDENT would have other important rights listed in NRS Chapters 645B,
2 the Regulations and Chapter 233B.

3
4 Dated this 28th day of September, 2011.

5 State of Nevada
6 Department of Business and Industry
7 Division of Mortgage Lending

8 By: Nancy Corbin
9 Nancy Corbin, Acting Commissioner

CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry,
Division of Mortgage Lending, and that on, September 29, 2011, I deposited in the U.S. mail,
postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct
copy of the foregoing, ORDER DENYING MORTGAGE BROKER LICENSE, for
INTEGRATED FINANCIAL ASSOCIATES, INC., addressed as follows:

William Dyer
Integrated Financial Associates, Inc.
3311 S. Rainbow Blvd. #209
Las Vegas, NV 89146

Certified Receipt Number: 7009 2250 0001 8859 2622

DATED this 28th day of September, 2011

By: Susan Slack
Employee of the Division

CERTIFICATE OF SERVICE

I certify that I am an employee of the State of Nevada, Department of Business and Industry, Division of Mortgage Lending, and that on, July 24th, 2012, I deposited in the U.S. mail, postage prepaid via First Class Mail and Certified Return Receipt Requested, a true and correct copy of the foregoing, SETTLEMENT AGREEMENT, for INTEGRATED FINANCIAL ASSOCIATES, INC., addressed as follows:

William Dyer
Integrated Financial Associates
3311 S. Rainbow Blvd., Suite 209
Las Vegas, NV 89146

Certified Receipt Number: 7009 2250 0001 8861 0838

DATED this 23rd day of July, 2012

By: Susan Slack
Employee of the Division